

CAPITAL BUDGET

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This section includes the Capital Improvement Plan Policies; the Capital Budget for FY12; a graph showing the revenues and expenditures for the Capital Budget and the impact of the Capital Budget on the Operating Budget.



City of Hampton

CAPITAL BUDGET

{ FY12 Council
Approved Budget }



“Improving your property is important for all property owners, and the City of Hampton is no different. The Capital Budget allows the City to accomplish much needed physical improvements throughout our community.



MIKE HODGES
Hampton Resident since 1972

Whether it's roads, buildings or bridges, it creates and funds the projects that are necessary to provide the citizens of Hampton with the highest quality of life possible.”

I value
*growth and
revitalization*



CAPITAL IMPROVEMENT PLAN POLICIES

Purpose

The purpose of the Capital Improvement Plan (CIP) is to provide a structured process for funding major acquisitions, improvements and new construction projects in the City of Hampton. Generally, projects included in the CIP must have a useful life of at least five years and initial costs in excess of \$50,000.

Financial Policy Statements

The financial parameters for pay-as-you-go funding for capital improvement projects are that no less than two percent (2%), but no more than six percent (6%) of estimated revenue for the annual operations of the City, less Schools, shall be devoted to capital expenditures. The total estimated General Fund operating revenues for fiscal year 2012 is \$310,243,523. To adhere to this policy, contributions from the General Fund (GF) which include General Fund Balance Transfer, General Fund Operating Revenues and Urban Maintenance Contributions cannot be less than \$6,204,870 and no more than \$18,614,611. For fiscal year 2012, the total amount of funds being transferred from the General Fund to the capital projects fund is \$11,556,767 or 3.7% which is within the City's financial parameters.

A second tier to the City's financial policy was adopted on April 11, 2007 by City Council and states a minimum of 10% to 15% of the total capital improvement expenditures, over a rolling five-year period, shall be funded from General Fund revenues. The five year CIP totals \$119,608,178 and the 10% to 15% minimum to be funded from General Fund revenues is equal to \$11,960,818 and \$17,941,227 respectively. The City anticipates funding \$59,378,183 or 49.6% from General Fund revenues. This amount is in compliance with the policy parameters.

While current revenues provide funding for some capital projects, other revenues are received from Federal and State sources such as the Congestion Mitigation Air Quality (CMAQ) Funds, Federal Emergency Management Agency (FEMA)/Pre-Mitigation Flooding Funds, Highway Safety Improvement Program (HSIP) Funds and Regional Surface Transportation Program (RSTP) Funds. However, over the next five year period, a large portion of financing will mainly come from the issuance of General Obligation Bonds. For financial policies regarding the maximum amount of debt that the City can issue, refer to the ***Financial Summaries Policies*** section of this document.

It is the long-term goal of the CIP Committee to use pay-as-you-go funding for annual, recurring maintenance-type projects, funding from General Fund Balance for construction and Economic Development projects. Bond proceeds are used to fund major one-time only capital expenditures and limit the amount of public funds designated for new projects/new construction.



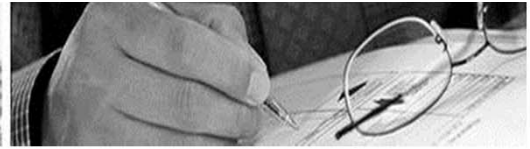
CAPITAL IMPROVEMENT PLAN POLICIES

CIP Process

Each year, as part of the annual budget process, the City Council updates its five-year forecast for capital improvements. Based on the requests made by various City departments, community groups and revenue projections, the CIP Committee makes a recommendation to the Planning Commission, City Manager and City Council identifying those capital projects being changed, added or deleted and new projects that have become a high priority.

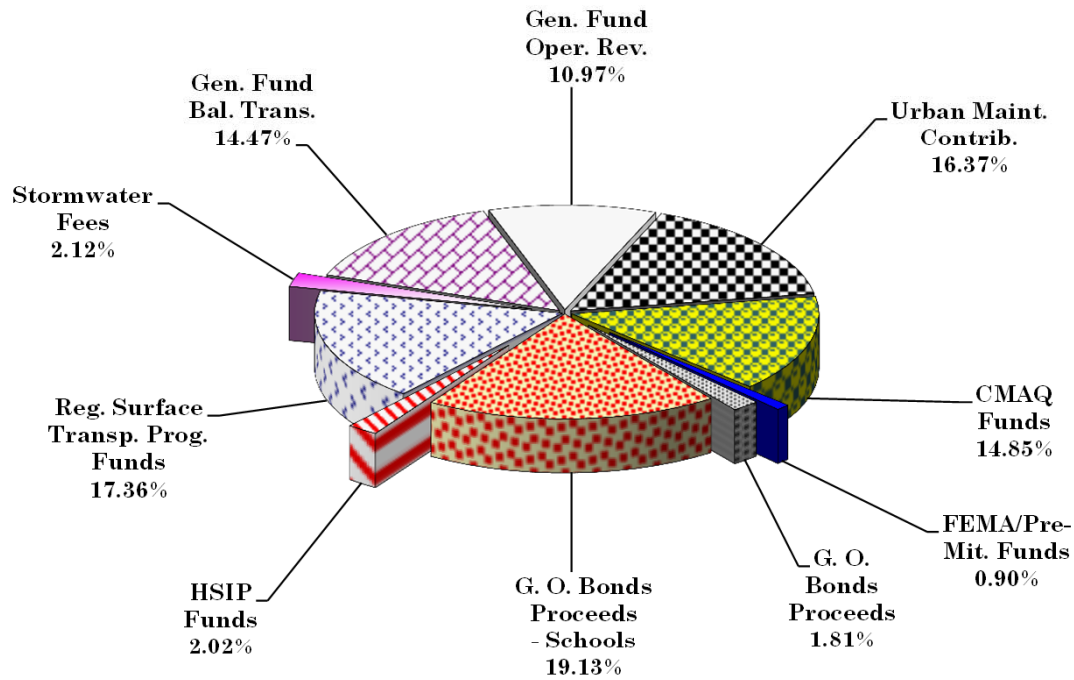
Capital projects include such items as road extensions and intersections, new construction of public facilities, maintenance of existing facilities and the acquisition of land for future public use. The CIP projects are classified into one of ten categories:

- Education
- Hampton's Waterways
- Maintenance of Public Properties
and Performance Support
- Master Plans
- Neighborhood Support
- New Facilities
- Other CIP Projects
- Other Economic Development Support
- Public Safety
- Streets and Infrastructures

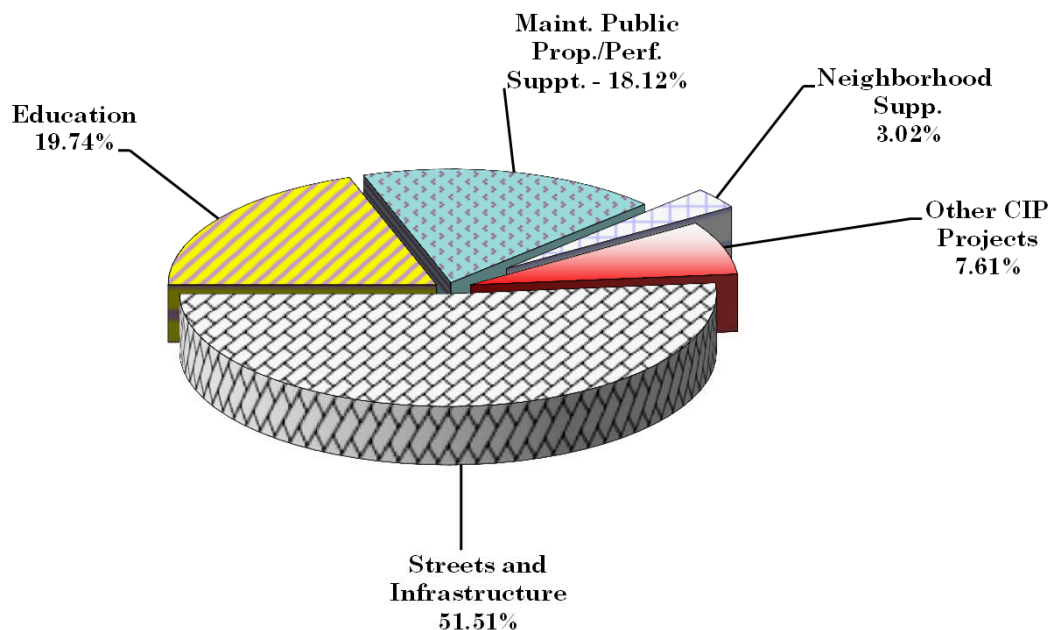


Fiscal Year 2012 Capital Budget

Capital Budget Revenues



Capital Budget Expenditures





CAPITAL BUDGET

| <u>Revenue Sources</u> | <u>Amount</u> |
|--|---------------------|
| General Fund Balance Transfer (GFB) | \$3,999,000 |
| General Fund Operating Revenues (GFR) | 3,032,265 |
| Urban Maintenance Contribution (GF-UMC) | 4,525,502 |
| Subtotal - General Fund Revenues | 11,556,767 |
| Congestion Mitigation Air Quality (CMAQ) Funds | 4,104,867 |
| Federal Emergency Management Agency/Pre-Mitigation Flooding (FEMA/PMF) | 250,000 |
| General Obligation Bond Proceeds (BP) | 500,000 |
| General Obligation Bond Proceeds ~ Schools (BP-S) | 5,287,500 |
| Highway Safety Improvement Program (HSIP) Funds | 560,000 |
| Regional Surface Transportation Program (RSTP) | 4,800,000 |
| Stormwater Fees (SWF) | 585,000 |
| Subtotal - Other Revenues | 16,087,367 |
| Total | \$27,644,134 |

| <u>Project Descriptions by Category</u> | <u>Amount</u> |
|---|--------------------|
| Education | |
| <u>Hampton City Schools Maintenance Projects (BP-S)</u> | \$5,287,500 |
| Assist Hampton City Schools with routine maintenance projects such as replacing roofs, HVAC units, boilers, fire alarm systems and refurbishing hallways and restrooms, etc. | |
| <u>Thomas Nelson Community College [TNCC] Site Improvements (GFR)</u> | 167,976 |
| State mandated contribution towards the site improvements at Thomas Nelson Community College (TNCC) based on the number of Hampton residents enrolled. | |
| Maintenance of Public Properties and Performance Support | |
| <u>Building Maintenance (GFB and GFR)</u> | 3,009,000 |
| Inspect, evaluate, design and repair or replace major building systems and components. Projects scheduled for FY12 include replacement of HVAC system at Jail Annex RTU; fan coil replacement at HCSC; roof replacement at the Parks facility on Mingee Drive and the Teen Center; mechanical upgrades at City Hall; and installation of automated plumbing fixtures and generator replacement at the Facilities Maintenance building, court buildings, community centers and the public libraries. | |
| <u>Old North Hampton Neighborhood Enhancements (BP)</u> | 500,000 |
| Improvements and upgrades to the functionality and appearance of this public field which will lessen the impact of the adjacent public safety firing range on the neighborhood and make the area more conducive to outdoor activities. Improvements will also include re-alignment of the access road to the field. | |



CAPITAL BUDGET

| <u>Project Descriptions by Category</u> | <u>Amount</u> |
|---|---------------|
| Maintenance of Public Properties and Performance Support (Cont'd) | |
| <u>Parks and Recreation Maintenance (GFB)</u> | 1,500,000 |
| Improve athletic fields (softball, football and soccer) and courts (tennis and basketball) at schools and Parks and Recreation facilities by resurfacing some areas, upgrading the lighting and providing maintenance to restrooms, shelters, campgrounds, playgrounds and Darling | |
| Neighborhood Support | |
| <u>Blighted Property Acquisition and Demolition (GFR)</u> | 250,000 |
| Acquire and demolish strategic (and generally blighted) properties to control redevelopment and halt disinvestments in Hampton's neighborhoods. | |
| <u>Neighborhood Curb and Gutter Program (SWF)</u> | 585,000 |
| Construct curbs and gutters in existing residential neighborhoods to facilitate proper drainage of runoff from public streets and/or improve maintenance of street infrastructure. | |
| Other CIP Projects | |
| <u>Contingency Funds (GFB)</u> | 240,000 |
| Fund cost overruns and change orders for previously approved General Fund projects that exceed original estimated costs due to an increase in materials, labor, project delays, etc. | |
| <u>Motorola Lease Payment (GFR)</u> | 1,864,289 |
| Lease purchase payment for recently upgraded radio system which was acquired to conform to the Federal Communications Commission (FCC) recommended Project 25 (P25) standards. | |
| Streets and Infrastructure | |
| <u>Big Bethel Road/Todds Lane Intersection Improvements (CMAQ and FEMA/PMF)</u> | 2,302,867 |
| Widen Todds Lane to provide an additional westbound right turn lane and an additional eastbound left turn lane to allow dual eastbound left turns onto northbound Big Bethel Road. Additional improvements will be made to drainage facilities in the area. | |
| <u>Citywide Traffic Signal Retiming (CMAQ)</u> | 392,000 |
| Collect vehicular count data at 49 intersections and optimize the traffic signal timings for ten arterials in the City of Hampton using approved computerized traffic signal timing optimization software. | |
| <u>Citywide Traffic Signal Upgrade (CMAQ)</u> | 1,500,000 |
| Upgrade communications components in the City's Traffic Signal System which were designed 13 years ago. Projects will include: new building to replace office trailer; additional fiber and system detection; optimization and drafting software; advanced video components and advanced traffic signal cabinet components. | |



CAPITAL BUDGET

| <u>Project Descriptions by Category</u> | <u>Amount</u> |
|---|----------------------------|
| Streets and Infrastructure (Cont'd) | |
| <p><u>Hampton Roads Bridge Tunnel (HRBT) Diversion Signal Timings (CMAQ)</u></p> <p>Utilize historical data collected during events at the HRBT to model and retune 32 intersections using approved computerized traffic signal timing optimization software. Models will simulate and optimize flows within the HRBT area for use during a diversion from the interstate to City surface streets.</p> | 160,000 |
| <p><u>Street Resurfacing (GF-UMC)</u></p> <p>Resurface and/or reconstruct arterial and residential streets throughout the City. A street resurfacing schedule is developed annually by the Department of Public Works.</p> | 4,525,502 |
| <p><u>Video Detection Upgrades (HSIP)</u></p> <p>Upgrade the video detection equipment on Mercury Boulevard and Pembroke Avenue.</p> | 560,000 |
| <p><u>Wythe Creek Road Widening (RSTP)</u></p> <p>Widen existing roadway from two lanes to a four lane divided roadway with bike lanes and sidewalks on Wythe Creek Road between Commander Shepard Boulevard and NCL (Poquoson City Limits).</p> | 4,800,000 |
| Total | <u>\$27,644,134</u> |



CAPITAL BUDGET IMPACT ON OPERATING BUDGET

A very conservative approach was taken in recommending capital projects for funding. The goal was to minimize the fiscal impact these projects would have on the operating budget, including the debt service payments. This practice has been common amongst many localities in response to the current economic climate.

The City's Financial Policies, which were approved by the City Council, allows for a certain percentage of General Fund revenues to be used in funding capital projects. However, the matter of affordability versus debt capacity was the sobering factor that contributed to the funding decisions put forth.

The capital projects that were recommended and subsequently approved for funding represents those which the City has either a core responsibility in fulfilling or those for which the City would sustain adverse financial impact if funding were not continued. Certain projects have an impact on the City's operating budget and is listed below.

| Project by Category | Project Amount | Impact on Operating Budget | Comment |
|--|----------------|----------------------------|--|
| Maintenance of Public Properties/Performance Support | | | |
| <u>Parks and Recreation Maintenance</u> | | | |
| Routine maintenance to public park and recreational facilities to reduce the rate of deterioration, prevent future cost repairs and maintain safety standards. | \$1,500,000 | \$300,000 | Operating expenses incurred in acquiring maintenance supplies such as specialty playground mulch and parts for unforeseen repairs. |
| Neighborhood Support | | | |
| <u>Blighted Property Acquisition and Demolition</u> | | | |
| Acquire and demolish strategic (and generally blighted) properties to control redevelopment and halt disinvestments in Hampton's neighborhoods. | 250,000 | 5,000 | Operating expenses incurred in contracting out grounds maintenance for acquired properties such as grass cutting. |
| <u>Neighborhood Curb and Gutter Program</u> | | | |
| Construct curbs and gutters in existing residential neighborhoods to facilitate proper drainage of runoff from public streets and/or improve maintenance of street infrastructure. | 585,000 | 3,245 | Personal costs incurred in managing project contract through construction. |
| Total Impact on Operating Budget | | \$308,245 | |